



# **Senate Banking & Financial Services Committee**

House Bill 4580

Tuesday, September 12, 2017

# MSHDA Refinancing History

---

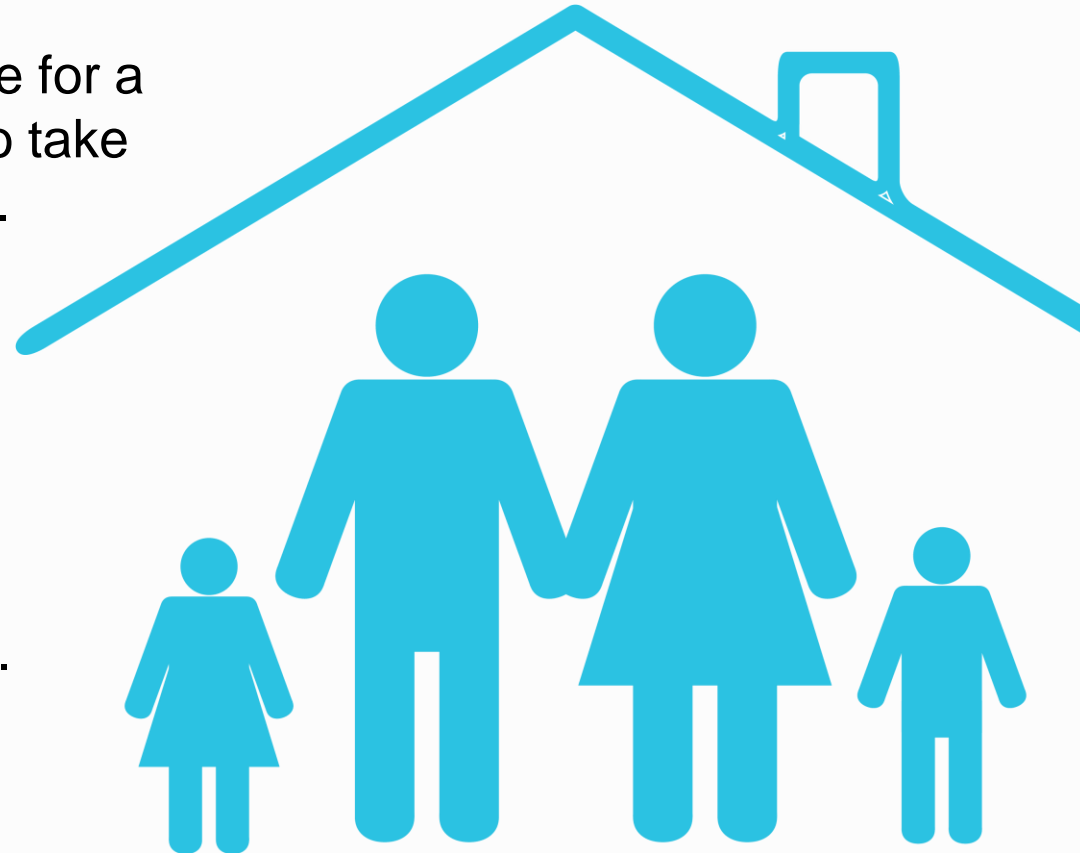
- MSHDA has typically financed its single-family home purchase program with the proceeds of bonds, the interest on which is exempt from federal taxation.
- Up until 2008, the IRS had not permitted tax-exempt bond proceeds to be used for refinancing loans; all loans had to be “new loans.”
- Because MSHDA’s source of funding could not be used for refinancing, MSHDA’s act did not permit it to do refinancing.



# MSHDA Refinancing History

---

- In 2008, because of the recession, the IRS created a temporary exception and allowed tax-exempt bond proceeds to be used for refinancing, as well as new loans.
- MSHDA asked the legislature for a change to its act to allow it to take advantage of this new ability.
- The legislature passed Public Act 57 of 2008, giving MSHDA the ability to refinance loans over a period of three years, from April 3, 2008 to April 3, 2011.



# Goals

---



- MSHDA has now determined that it could develop a viable refinancing program using funds other than tax-exempt bond proceeds.
- MSHDA will need its act changed to once again allow it to refinance single-family mortgage loans.

# Projected Outcomes

---

- Obtaining approval for refinances will possibly better our mortgagor's financial position by financing at a lower rate and subordinating the original Down Payment Assistance loan.
- This will decrease the risk of the Authority, and allow the homeowners to be sustainable with future homeownership.



# Questions?

Mary Townley

(517) 373-8370

TownleyM1@michigan.gov